

Memorandum

STATE OF WISCONSIN
DEPARTMENT OF PUBLIC INSTRUCTION



Date: November 6, 2007

To: State Superintendent's Rural Advisory Committee Members

From: Elizabeth Burmaster, State Superintendent

A handwritten signature in dark ink, appearing to be "EB", written over the printed name.

Subject: Rural Agenda Items in 2007-09 Biennial Budget

After months of delay, on October 26, 2007, Governor Doyle signed Act 20, the 2007-09 biennial budget, into law. I am pleased to report to you there are several positive new initiatives that will benefit our rural schools and communities.

General Equalization Aid and Property Tax Levy Credit

General school aids are of interest to all school districts as these payments are the primary means by which the state funds public education.

- The budget provides general school aid increases of \$0 in FY08 and \$76,756,000 GPR (1.6%) in FY09. Total general aid equals \$4,722,745,900 GPR in FY08 and \$4,799,501,900 GPR in FY09.
- The budget also increases the school property tax levy credit by \$79,350,000 in FY08 and \$154,350,000 in FY09. Each amount is payable by the state in the subsequent fiscal year (i.e. the \$154,350,000 GPR increase will be paid as part of the 2009-11 biennial budget).
- The FY08 increase is approximately equal to the amount of General Equalization Aids proposed by the Governor, but unable to be included in the October 15, 2007, aid certification by DPI due to lack of agreement on the biennial budget.
- Total general and categorical aids increase by 0.9% in FY08 and 2.3% in FY09. If the higher school levy tax credit and residential schools are included, funding increases by 2.1% in FY08 and 4.5% in FY09.

The following items will directly affect rural schools:

Sparsity Aid

- This new program was included in the Senate version of the biennial budget, with strong support from Senator Kathy Vinehout. The budget provides \$3,644,600 GPR in FY09 for school districts that meet the following criteria: (a) an enrollment in the prior year of less than 725 pupils; (b) population density of less than 10 pupils per square mile of district attendance area; and (c) at least 20 percent of pupils qualify for free or reduced price lunch under the National School Lunch Program.
- Each eligible district's aid would equal \$150 per pupil. The department can prorate these payments if funding would be insufficient to fully fund the program in a given year. Given the appropriation provided, aid will likely be prorated to roughly \$75 per pupil in FY09.
- The department does not yet have all the final information from 2007-08 to calculate the distribution of the Sparsity Aid for FY09.

Declining Enrollment Revenue Limit Adjustment

- This provision increases the current 75 percent declining enrollment provision to 100 percent on a non-recurring basis starting in FY08.
- Compared to current law, this change will provide roughly \$15-18 million in additional revenue limit authority statewide annually (above the \$40-45 million now allowed on a non-recurring basis). It would benefit all declining enrollment districts, regardless of the size of their membership decline.

Adjustment for Prior Year Base Revenue Limit

- This provision provides that districts receive at least their prior year's base revenue limit if their current year revenue limit calculation, after accounting for their per pupil inflationary adjustment and low-revenue ceiling increase (if applicable) is less than their prior year base revenue limit amount.
- It is expected that this change will benefit the 40-50 most severely declining enrollment districts.

Transportation Aid Rate Increase for Over 12 Miles

- This change will increase the reimbursement rate for pupils transported over 12 miles from \$180 per pupil to \$220 per pupil for FY08 and FY09. It is expected to increase annual reimbursement by approximately \$900,000 and current GPR funding within the transportation aid appropriation is expected to be sufficient to cover this increase.

District Consolidation Studies

- This provision provides \$250,000 GPR in FY09 (one-time funding) for grants for district consolidation feasibility studies. Grants are not to exceed \$10,000 per consortium of two or more districts. DPI may not encumber any funds from the appropriation after June 30, 2009.
- The consortium must submit a plan identifying the districts engaged in the study, the issues the study will address, and how the grant funds will be expended. A district cannot be a member of more than one consortium. DPI must give priority to applications that demonstrate prior attempts to address underlying issues associated with management and operation of the districts' programs. A consortium awarded a grant must submit the results of the study to DPI.

Aid to High Poverty Districts –

- This new program will provide \$9,000,000 GPR in FY08 and \$12,000,000 GPR in FY09 to certain high poverty school districts. A school district would be eligible for aid under the program if, in the October 2006 pupil counts reported for the National School Lunch Program, at least 50 percent, after rounding to the nearest whole percentage point, of the district's enrollment was eligible for free or reduced-price lunch. Aid per pupil in FY08 and FY09 would be calculated by dividing the appropriated amount by the total number of pupils enrolled in all eligible districts and multiplying that amount by each district's number of pupils enrolled.
- It is currently estimated that 23 districts would be eligible for this aid, with total enrollments of approximately 111,900 pupils. Milwaukee Public Schools will be the largest beneficiary of this aid, but several smaller, rural districts will also qualify.
- This aid is subject to revenue limits, the effect of which is to reduce the school property tax levy of the eligible school district.

As you can see, this budget provides real resources to our state's rural schools and communities. This is due in large part to our collective work over the past three years to bring the concerns and needs of rural schools to the forefront of the school funding debates. I look forward to our continued efforts to assure a quality education for every child, no matter where they live.

If you have questions on these budget provisions, please contact me.

EB:mb